

Policy for Project/Programme Delays (amended in April 2025)

I. Introduction

1. This policy on project/programme delays (hereafter referred to as "the Policy") sets forth the procedures for decision-making for an approved project/programme, with respect to one or more of the following issues:

- Signing of legal agreement
- Project start/inception dates
- Notification of project/programme start/inception
- Project start/inception delays and request for extension
- Reporting on project/programme performance
- No cost extension of project and programme completion timeline

2. The policy applies to the following grants:

- Action: Regular projects and programmes and Locally Led Adaptation (LLA) projects and programmes.
- Innovation: Large innovation projects and programmes, Small innovation grants and Adaptation Fund Climate Innovation Accelerator (AFCIA) programmes.
- Learning and sharing: Learning Grants, including Learning-Innovation bundled Grants.
- Readiness: Project Scale-up, Readiness Package, Technical Assistance Grants for the Environment and Social Policy, and Gender Policy, and Technical Assistance Grants for the Gender Policy.

II. Project Pre-inception Stage

a) Signing of legal agreement

3. The first milestone for a project/programme comes after the Adaptation Fund Board (the Board) approval, with the signing of the legal agreement between the Board and the implementing entity. The Board established a standard of a maximum time lag of four months from the date at which the Board notifies an implementing entity of a project/programme approval, and the signing of the legal agreement. The Operational Policies and Guidelines specify:

"If an implementing entity does not sign the standard legal agreement within four (4) months from the date of notification of the approval of the project/programme proposal, the funds committed for that project/programme will be cancelled and retained in the Trust Fund for new commitments (OPG para 58)."

b) Project start/inception dates

4. The Board has set a target of six (6) months from the first cash transfer¹ to

¹ This would be the first cash transfer from the Trustee of the Adaptation Fund to the implementing entity

project/programme start². Each implementing entity has its own internal project cycle with different definitions for various milestones, including project start dates.

5. For single/regional projects/programmes the Board decided to define the start date the first day of the project/programme's inception workshop (Decision B.18/29).

6. Learning grants and the bundled learning-innovation grants are aligned with concrete adaptation projects/programmes in terms of when they start.

7. For project formulation grants (PFGs) project start should be considered to be the date of first disbursement towards an activity related to the grant.

8. For projects implemented through readiness grants for technical assistance, project start³ is considered to be the date when the first contract between the implementing entity and a consultant or service provider was signed, or the date when the first disbursement towards an activity related to the grant was made, whichever occurs first.

9. For projects implemented through Readiness Package grants, project start is considered to be the date of the project inception meeting held by the implementing entity with the recipient of peer support.

10. For learning grants, the date of first disbursement by the implementing entity towards an activity related to the grant is considered the start date of the project⁴.

c) Notification of project/programme start/inception

11. The IE must notify the Board the start of a project/programme (single-country, regional project/programme, learning grants, and bundled learning-innovation grants) by submitting the inception workshop report to the Secretariat.

12. For the PFG, the IE must submit a notification of project start to the secretariat, using the template in Annex C to this document within one month after the project start date.

13. For readiness projects for technical assistance grants, scale-up grants and readiness package grants, the IE must send a notification of project start to the secretariat using the approved template, within one month after the project start date.

d) Project start/inception delays and request for extension

14. For all projects/programmes financed by the Fund, implementing entities should mitigate delays by working with the government, during project/programme design, to ensure a mutual understanding and commitment on how to proceed once a project/programme is approved. There are, however, many situation-specific factors that may be beyond the control of the implementing entity. Approved project and programmes are therefore expected to start within six (6) months from the date of the first transfer of the Fund's grant, which is defined as the 'original inception target date'.

² Established through the *Annual Performance Report* as part of the Fund level management effectiveness and efficiency indicators

³ Project start is the same as project inception and the terms can be used interchangeably

⁴ https://www.adaptation-fund.org/wp-content/uploads/2019/03/AFB.B.33.5.-Arrangements-for-monitoring-and-reporting-criteria-for-learning-grants_FINAL.pdf

15. If a project/programme is not expected to start within six (6) months of the first cash transfer, the implementing entity must send a request for extension of project inception date to the secretariat within six (6) months after the first cash transfer. Such request shall include an explanation of the delay and an estimated start date using the form in Annex D to this document (Decision B.34/45). The implementing entity must also notify the Designated Authority (DA) with an explanation of the delay and an estimated start date.

16. Any request for an extension of project inception date which includes request for project restructuring, disbursement schedule changes or other major changes in the project design and implementation shall be submitted following the process and requirements set out in the Policy for Project/Programme Implementation (OPG Annex 7).

17. All requests for extension of project/programme inception date are processed based on the following criteria:

- (i) When IE expects that it cannot start the project within the 'original inception target date' defined as six (6) months from the date of the first transfer of the Fund's grant to the IE, the IE shall submit a request for an extension of inception date to the secretariat.
- (ii) The request for extension of inception date should be justified and include a proposed plan for improvement of the overall project implementation.
- (iii) The extension of inception date cannot exceed a maximum period of 12 months from the 'original inception target date'.
- (iv) Request for extension of inception date up to 12 months from the 'original inception target date' will be considered and cleared by the secretariat. An additional request for extension of inception date for up to six (6) months may be granted only under exceptional circumstances through Board approval.
- (v) Any further extension request, beyond the total of 18 months of inception date extensions granted, constitutes a 'significant delay.' A request for a 'significant delay' may be considered, if the IE, conducts and submit additional baseline studies, stakeholder consultations, environmental impact assessments, and/or any other assessments, as determined by the Secretariat. The IE shall also provide a revised project implementation plan. For extension request for a significant delay, the secretariat will conduct a comprehensive technical review and provide recommendations for the Board's approval.

18. If the Board does not approve the IE's request for extension of project inception date for a 'significant delay' as defined in paragraph 16 (v), the IE may work to mitigate the 'significant delay' or withdraw from/terminate the concerned project or programme which must be consulted with the Designated Authority(ies) in advance.

19. When the Board decides to not approve the IE's request for project inception date for a 'significant delay,' the IE must communicate its decision on whether or not to proceed with implementing the originally approved project/programme within 120 calendar days from the date of the notification of the Board decision. Otherwise, it will be deemed that the IE has decided to

withdraw from/terminate the project, and the Board, through the secretariat, will notify the termination of the project to the IE, the Designated Authority(ies) and the trustee. Upon such notification, the IE shall promptly refund to the AF Trust Fund, through the Trustee, any unused portion of the Grant, including any net investment income earned therefrom.

III. Project Implementation Stage

a) Reporting on project/programme performance

20. The secretariat will report to the Board through the Annual Performance Report (APR) on any project/programme start delays⁵.

21. For projects/programmes funded by the Fund, an implementing entity is required to submit a project/programme performance report (PPR) on an annual basis to the Ethics and Finance Committee (EFC) through the secretariat⁶.

22. The PPR shall be submitted on a yearly basis one (1) year after the project inception and no later than two months after the end of the reporting year of each project. However, the last PPR can be submitted within six (6) months after project/programme completion. This last report will be considered the project/programme completion report⁷. Once the PPR is submitted, the secretariat reviews the report and upon its clearance, requests the Chair of the Board to authorize the transfer of additional funds as per the disbursement schedule of the project/programme (Decision B.16/21).

23. Delays in the submission of complete PPRs will result in delays in the Fund's transfer of subsequent funding tranches to the project/programme.

24. For readiness grants projects funded by the Fund, the IE is required to submit a project monitoring report to the Board through the secretariat (Decision B.29/42) no later than six (6) months from the project start date,⁸ and every six (6) months thereafter from the date of the previous monitoring report.

25. Upon completion of projects approved by the Board, the IE shall submit all reports as required under the legal agreement for the project signed between the IE and the Board. If an IE does not submit the requested reports within 12 months after their due date will become non-

⁵ Whilst the secretariat may alert the Board to any delays outside of the APR and the project monitoring report, it should be noted that for concrete adaptation projects/programmes, implementing entities must provide an update at least once a year on project/programme status through the PPR, and for projects implemented through readiness grants, must provide an update at least twice a year on project status through the project monitoring report.

⁶ An annual report is the minimum requirement. There may be cases where the Board requests more frequent reporting or additional reports, as for example through requirements linked to the accreditation of an implementing entity.

⁷ The standard legal agreement requires a project/programme completion report: "including any specific [Project]/[Programme] implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after

⁸ The project start date is the date when the contract between the Implementing Entity and the Consultant is signed, or the date when the first disbursement towards an activity related to the grant is made, whichever occurs first.

eligible to apply for funding from the Board. The non-eligibility can be lifted once the reports are submitted to and cleared by the.

b) No cost extension of project and programme completion timeline

26. For all projects funded by the Fund, indicative project/programme completion time must be included in project/programme proposals for funding. These are usually general estimates and expected completion dates will depend on when a project/programme starts implementation.

27. If there are any delays in project/programme implementation, these shall be reported through the PPR.

28. If the IE anticipates any delay in the project completion date, the IE must submit a request for extension using the appropriate template annexed to this document. The request for extension should be submitted as soon as the IE becomes aware that there are obstacles to closing the project/programme on time, and no later than six (6) months before the expected project/programme completion date. Project/programme completion date extensions of up to 18 months will be reviewed and cleared by the secretariat, while those of more than 18 months will require Board's consideration and approval.

29. The IE's request for a project/programme completion date extension should include reasons and justifications for the extension, and the DA must be notified of an extension request. However, the request shall not involve: (i) any request for additional fund; (ii) any change in the originally approved scope of the project/programme.

30. For the PFG, if the IE does not submit a full project/programme proposal to the Board within 12 months after disbursement of the PFG, the IE shall submit a request for completion date extension, including a revised completion date, the reasons why the IE could not submit a full proposal to the Board 12 months after PFG disbursement (Decision B.12/28). The request should be submitted to the secretariat using the notification of delay template annexed to this document, no less than two months before the project completion date that was communicated by the IE to the secretariat in the notification of project start.

31. An IE may request for extension of PFG completion date of up to 12 months if (i) no additional funds are required; (ii) the project/programme's originally approved scope will not change; and (iii) the entity provides reasons and justifications for the extension. The implementing entity should also notify the DA. The implementing entity should submit requests for additional time beyond 12 months for approval by the Board and such requests may only be granted under exceptional circumstances.

32. For readiness grants projects, the IE should indicate revised project start and project completion dates in the notification of project start and submit it to the secretariat. The dates specified in the project start notification will be used for tracking the project's progress.

33. The IE shall report any delays in the completion of readiness grants projects through the project monitoring report (Decision B.29/42), providing justification for the delays and the proposed new completion dates. No request for completion date extension is needed.

Table 1: Summary of types of post-approval changes and decision process making process

| Authorized to clear/ approve | Type of post-approval request |
|---|---|
| Secretariat | All project inception delays up to 12 months, provided that such delay would not lead/imply a major project change. |
| | All annual project performance reports (PPR) |
| | Requests for no-cost extension of project completion date up to 18 months |
| Board | Inception delays more than 12 months including any other delays that lead/implies a major project change |
| | No-cost extension of project completion date more than 18 months |

Annex I: Templates to be used by IEs to raise post-approval requests for changes**A. REQUEST FOR EXTENSION OF CONCRETE ADAPTATION
PROJECT/PROGRAMME***Request for no-cost extension of project/programme completion date*

| | | | |
|---|---|--|--|
| Implementing Entity Name: | | | |
| AF Project/programme ID: | | | |
| Project/programme Title: | | | |
| Country/ies: | | | |
| Project/Programme Approval (date) | | | |
| Expected Project/programme Completion (date) | <i>[provide the original project completion date and also the revised completion date if this is the 2nd or subsequent no-cost extension request]</i> | Proposed Revised Completion (date): | |

Reasons/justifications for the no-cost extension of project/programme completion

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Implementing Entity certification

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|---|
| This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority/ies (DA) has/have been notified. |
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| | |
|----------------------------------|-----------------|
| <i>Name & Signature</i> | |
| Project/programme contact person | |
| Date: <i>(Month, Day, Year)</i> | Tel. and Email: |

B. NOTIFICATION OF DELAY IN PROJECT COMPLETION FOR THE PROJECT FORMULATION GRANT

NOTIFICATION AT LEAST TWO MONTHS BEFORE PROJECT COMPLETION DATE FOLLOWING THE FIRST DISBURSEMENT OF THE GRANT BY THE NIE

Adaptation Fund Project ID:

Country:

Title of Project/Programme:

Grant Type: [Project Formulation Grant]

Implementing Entity Name:

Executing Entity/ies:

| List of Proposed Project Preparation Activities | Expected Output of the PFG Activities | Output Achieved/Not Achieved | Comment/Explanation (also explain any deviation from initial plan) |
|---|--|------------------------------|--|
| | | | |
| | | | |
| | | | |
| Budget | State whether overall expenditure due to the delay is expected to be over or under the planned budget and give brief explanation for material changes in budget. | | |
| Overall outcome | State the reasons why the full project document cannot be submitted to the Board within 12 months of disbursement of the PFG and state the proposed new completion date. | | |

General Comment: [any comment on process or to the secretariat]

Implementing Entity Contact Person: _____

Email: _____

C. NOTIFICATION TEMPLATE FOR START OF PROJECT FORMULATION GRANT IMPLEMENTATION

Implementing entity address
Address

[Date]

The Adaptation Fund Board
1818 H Street NW
MSN N7-700
Washington DC, 20433
USA
Email: afbsec@adaptation-fund.org

Subject: Notification of Project Formulation Grant (PFG) inception

This letter is to inform you that implementation of the PFG approved by the Adaptation Fund Board on [Date] for formulation of a concrete adaptation project/programme has officially started. Details of the project inception are below:

Implementing Entity:

Country:

Description of Concrete Adaptation Project: [Title of Project] in [name of country]

PFG Start Date: [Date]

Expected PFG Completion Date: [Date]

Sincerely

[Name]

[Position]

[Email]

[Telephone]

D. REQUEST FOR DELAY OF PROJECT/PROGRAMME INCEPTION

| | | | |
|--|--|---|--|
| Implementing Entity Name: | | | |
| AF Project/programme ID: | | | |
| Project/programme Title: | | | |
| Country(ies): | | | |
| Project/Programme Approval (date) | | | |
| Expected Project/programme Start (date) | | Proposed Revised Inception (date): | |

Reasons/ justification for delay in the project's/programme's inception and the number of months of delay from the project approval date

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Approaches/ mitigation measures to ensure the start of project/programme implementation

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Challenges (in addition to those mentioned in section 1) that may extend the project/programme completion date)

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Please confirm whether the Environmental and Social Policy related risks screening presented in Part II.K of the project document and the associated mitigation measures presented in Part III.C and related Environmental and Social Management Plan are still valid, or provide a revised fully-developed project/programme document in track changes highlighting the revised elements if necessary.

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Please describe the consultative process carried out, including the list of stakeholders consulted and the consultation outcomes, in the context of the request for delay in project/programme inception.

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Implementing Entity certification

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|---|-----------------|
| This request for delay of project/programme inception has been prepared in accordance with Adaptation Fund policies and procedures, and delay on project/programme start has been agreed by participating executing entities and has been notified to the designated authority(ies) (DA). | |
| Name & Signature Project/programme contact person | |
| Date: (Month, Day, Year) | Tel. and Email: |